

## EXHIBIT 212

*11/20/07 DMB*

**DRUG DISTRIBUTION  
COMPLIANCE BUDGET REVIEW  
FISCAL YEAR 2007**

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## **COMPLIANCE BUDGET REVIEW**

### **Fiscal 2007 Budget Highlights/Assumptions**

- ♦ **Director, Quality & Regulatory Affairs (new headcount)**  
Current department staff workloads are at full capacity. Effective management of current projects and initiatives is difficult. Resources to take on new initiatives and the ability to improve and enhance existing programs are lacking. Specifically, a resource is needed to manage EH&S program build out, standard operating procedure development, maintenance and document control, NABP wholesaler accreditation process, new complex state licensing requirements and to assist in ongoing initiatives such as pedigree, supply chain integrity, web based regulatory training and day to day management of field activities.
- ♦ **Manager, Quality & Regulatory Affairs (new headcount)**  
Effective and successful implementation and management of the Anti Diversion Policy and Program and the addition of OTC vendors to the supplier qualification program requires an additional headcount. Currently, the Anti Diversion program takes 75% of the existing manager's time. Rollout of the associated training program will maximize his capacity and it is anticipated that investigations related to the program will increase. Currently, we plan to conduct supplier qualification audits at 12 DOD vendors and repackagers. Adding OTC suppliers will increase the number of annual audits to 33.
- ♦ **Supplier Qualification Program**  
Requires a background check to be conducted on company, company officers and key management personnel. Includes criminal background and criminal and civil litigation check. Necessary funding is 20K.
- ♦ **Anti-Diversion Program**  
Requires Dunn & Bradstreet checks to be conducted on investigative targets. Necessary funding is 3K
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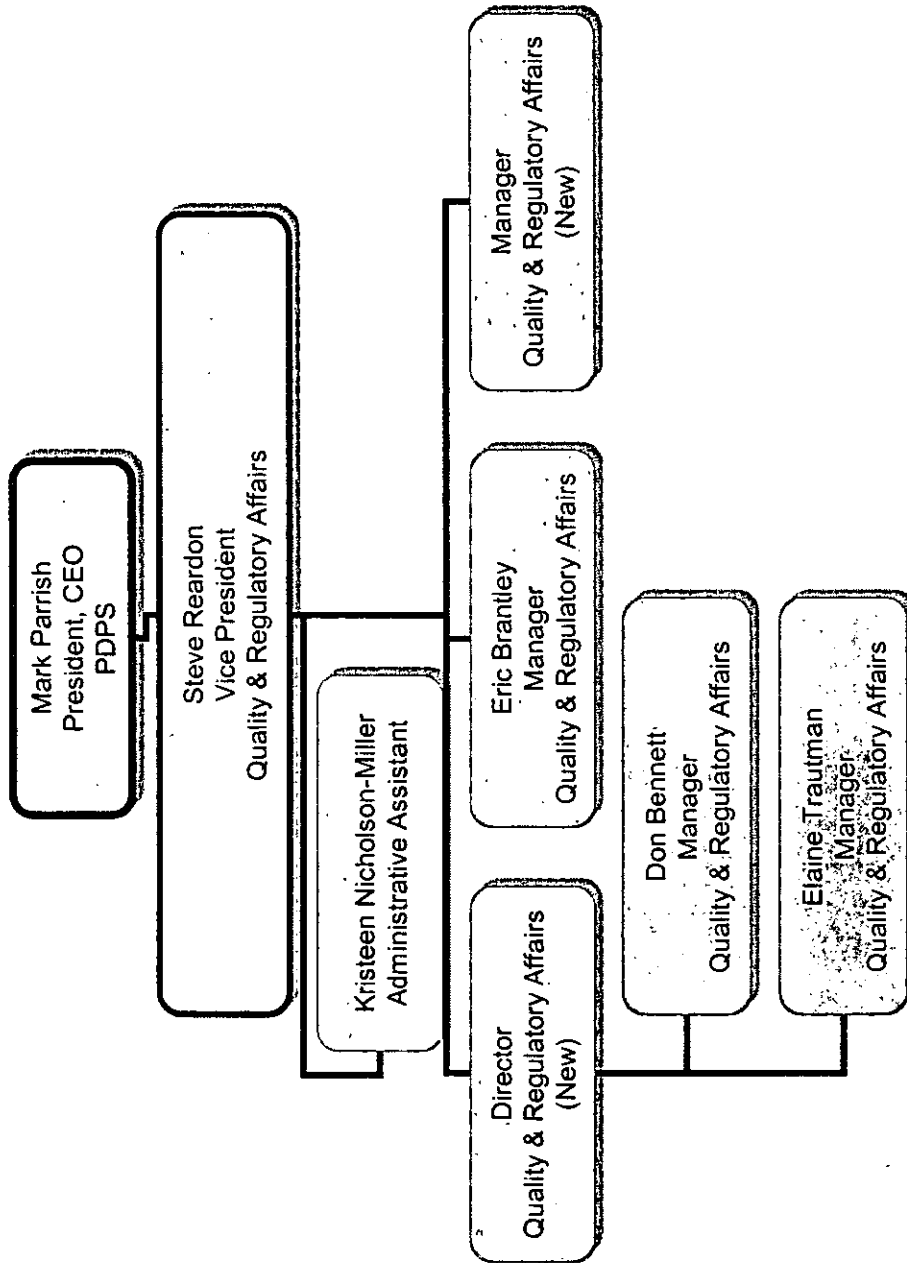
COMPLIANCE BUDGET REVIEW		FY06 Actual/Fcst	FY07 Budget	\$ V	% V	Explanations for Variances Greater than \$10K and 15%
HEADCOUNT (ending count)		0.0	0.0	0	0%	
EMPLOYMENT COSTS:						
SALARY		399,033	581,251	(182,218)	(46%)	2 new FTE's, \$177K
BONUS		38,568	96,315	(57,747)	(150%)	2 new FTE's, \$29K, Unbudgeted FY06 bonus of \$6K
OVERTIME		564	630	(65)	(12%)	
FRINGE BENEFITS		92,734	133,587	(40,853)	(44%)	2 new FTE's, \$38K
TOTAL EMPLOYMENT COSTS		530,899	811,782	(280,883)	(53%)	
EMPLOYEE ACTIVITIES		1,453	2,620	(1,167)	(80%)	
TEMPORARY HELP		0	0	0	0%	
REPAIRS & MAINTENANCE		0	0	0	0%	
SUPPLIES		2,543	2,658	(114)	(4%)	
BUILDING EXPENSE		0	0	0	0%	
OTHER RENT		0	0	0	0%	
TRAVEL & ENTERTAINMENT		64,238	90,000	(25,762)	(40%)	Add'l travel for new FTE's
TRADESHOWS / MEETINGS		0	0	0	0%	
PRINTING EXPENSES		48	36	12	26%	
COMMUNICATIONS		28,335	0	28,335	100%	All communications expense moved to EIT
DEPRECIATION		0	0	0	0%	
EXPENSE ALLOCATION IN/OUT		0	0	0	0%	
DUES & SUBSCRIPTIONS		0	5,875	(5,875)	100%	
RELOCATION		1,278	75,000	(73,722)	(5769%)	Relocation for new director budgeted
RECRUITING		0	0	0	0%	
INSURANCE		0	0	0	0%	
LICENSE & PERMITS		122	126	(4)	(3%)	
POSTAGE & DELIVERY		93	54	39	42%	
OUTSIDE SERVICES / ORDERNET		0	8,500	(8,500)	100%	
TAXES		0	0	0	0%	
FINANCIAL SERVICE FEES		0	0	0	0%	
INVESTOR RELATIONS FEES		0	0	0	0%	
CAPITALIZATION CREDITS		0	0	0	0%	
MISCELLANEOUS EXPENSE		169	174	(5)	(3%)	
TOTAL EXPENSES		629,177	996,825	(367,647)	(58%)	

**COMPLIANCE BUDGET REVIEW**  
**Fiscal 2007 New Hires**

<u>Position</u>	<u>Salary</u>	<u>Hire Date</u>
Director	\$138,000 + 20% MIP	1-Jul-06
Manager	\$ 68,200 + 10% MIP	1-Jul-06

# Organizational Chart

## Quality & Regulatory Affairs



## COMPLIANCE BUDGET REVIEW

### FY 07 Budget - Expense Reconciliation

(000's)

Region/Department: COMPLIANCE

	<u>Expense \$</u>
<b>FY 06 Forecast (actuals through 3/31/06 )</b>	629
<b>FY 06 Partial Year Hires and/or Open Positions:</b>	
Unbudgeted Bonus	27
<b>FY 06 Unusuals (please list):</b>	
Communication Expense	(28)
Relocation cost	(1)
FICA on stock options	(4)
<b>Adjusted FY 06 Forecast</b>	<u>623</u>
Merit increase of 3.50% in Sept	15
Standard FY 07 Growth Rate on other expenses of 3.0%	2
<b>FY 07 Unusuals (please list):</b>	
Additional travel for new FTE's	24
Relocation for new Director	75
Dues & Subscriptions	
Keller On-Line safety Management	1
Congressional Quarterly	3
Code of Federal Regulations	1
Outside Services	
Rexus Corporation	8
Dun & Bradstreet	1
<b>FY 07 New Hires (please list):</b>	
Director	161
Manager	83
<b>FY 07 Strategic Investments - headcount or other spending (list):</b>	
<b>Other</b>	
<b>FY 07 Budget Submission</b>	<u><u>997</u></u>

COMPLIANCE Expense Summary FY07 Budget Trend		BUDGET												FY Total
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
HEADCOUNT (ending count)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EMPLOYMENT COSTS:														
SALARY		46,025	50,408	47,135	49,380	49,380	47,135	51,624	44,891	49,380	47,135	51,624	47,135	581,251
BONUS		8,026	8,026	8,026	8,026	8,026	8,026	8,026	8,026	8,026	8,026	8,026	8,026	96,315
OVERTIME		49	54	51	54	54	51	56	49	54	51	56	51	630
FRINGE BENEFITS		10,480	10,897	10,001	10,069	10,069	9,883	13,693	11,727	11,895	11,595	12,096	11,184	133,587
TOTAL EMPLOYMENT COSTS		64,580	89,386	65,213	67,528	67,528	65,095	73,400	64,692	69,354	66,807	71,802	66,396	811,782
EMPLOYEE ACTIVITIES		218	218	218	218	218	218	218	218	218	218	218	218	2,620
TEMPORARY HELP		0	0	0	0	0	0	0	0	0	0	0	0	0
REPAIRS & MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
SUPPLIES		221	221	221	221	221	221	221	221	221	221	221	221	2,658
BUILDING EXPENSE		0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER RENT		0	0	0	0	0	0	0	0	0	0	0	0	0
TRAVEL & ENTERTAINMENT		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
TRADESHOWS / MEETINGS		0	0	0	0	0	0	0	0	0	0	0	0	0
PRINTING EXPENSES		3	3	3	3	3	3	3	3	3	3	3	3	36
COMMUNICATIONS		0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION		0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSE ALLOCATION IN/OUT		0	0	0	0	0	0	0	0	0	0	0	0	0
DUES & SUBSCRIPTIONS		490	490	490	490	490	490	490	490	490	490	490	490	5,875
RELOCATION		6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
RECRUITING		0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
LICENSE & PERMITS		10	10	10	10	10	10	10	10	10	10	10	10	126
POSTAGE & DELIVERY		5	5	5	5	5	5	5	5	5	5	5	5	54
OUTSIDE SERVICES / ORDERNE		708	708	708	708	708	708	708	708	708	708	708	708	8,500
TAXES		0	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL SERVICE FEES		0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTOR RELATIONS FEES		0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZATION CREDITS		0	0	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS EXPENSE		15	15	15	15	15	15	15	15	15	15	15	15	174
TOTAL EXPENSES		80,000	84,806	80,633	82,948	82,948	80,515	88,820	80,112	84,775	82,227	87,222	81,816	996,825
QUARTER TOTAL				245,440	82,948	82,948	246,412	88,820	80,112	253,707	82,227	87,222	251,266	



## COMPLIANCE

## EXPENSE SUMMARY

FY06 Actual/Forecast Trend

	FY06 ACTUAL/FORECAST												FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
HEADCOUNT (ending count)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EMPLOYMENT COSTS:													
SALARY	10,000	57,421	33,642	31,728	32,575	33,709	33,394	30,209	34,713	31,275	35,966	34,402	399,033
BONUS	3,214	3,214	3,214	3,214	3,214	3,214	3,214	3,214	3,214	3,214	3,214	3,214	38,568
OVERTIME	0	121	95	(7)	0	48	36	29	93	50	50	50	564
FRINGE BENEFITS	1,046	11,172	8,325	7,809	6,944	7,837	15,266	4,173	6,799	7,851	8,303	7,409	92,734
TOTAL EMPLOYMENT COSTS	14,260	71,927	45,276	42,744	42,732	44,808	51,910	37,626	44,819	42,190	47,533	45,075	530,899
EMPLOYEE ACTIVITIES	0	0	1,148	0	0	0	54	0	0	84	84	84	1,453
TEMPORARY HELP	0	0	0	0	0	0	0	0	0	0	0	0	0
REPAIRS & MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
SUPPLIES	0	0	99	72	0	1,270	39	728	187	50	50	50	2,543
BUILDING EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER RENT	0	0	0	0	0	0	0	0	0	0	0	0	0
TRAVEL & ENTERTAINMENT	0	4,157	7,537	5,695	6,018	4,484	5,276	5,618	9,707	5,248	5,248	5,248	64,238
TRADESHOWS / MEETINGS	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINTING EXPENSES	0	0	35	0	0	0	0	0	13	0	0	0	48
COMMUNICATIONS	2,250	2,250	2,409	2,394	2,275	2,507	2,300	2,497	2,404	2,350	2,350	2,350	28,335
DEPRECIATION	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSE ALLOCATION IN/OUT	0	0	0	0	0	0	0	0	0	0	0	0	0
DUES & SUBSCRIPTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
RELOCATION	0	0	0	0	0	3,085	(1,808)	0	0	0	0	0	1,278
RECRUITING	0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
LICENSE & PERMITS	0	0	0	75	0	0	0	47	0	0	0	0	122
POSTAGE & DELIVERY	0	0	20	0	33	0	0	0	40	0	0	0	93
OUTSIDE SERVICES / ORDERNE	0	0	0	66	(66)	0	0	0	0	0	0	0	0
TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL SERVICE FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTOR RELATIONS FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZATION CREDIT'S	0	0	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS EXPENSE	0	0	30	0	0	140	0	0	0	0	0	0	169
TOTAL EXPENSES	16,510	78,334	56,552	51,046	50,991	56,294	57,771	46,515	57,169	49,922	55,265	52,807	629,177
QUARTER TOTAL			151,396			158,332			161,456			157,994	